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FISCAL IMPACT STATEMENT

LS 6811

BILL NUMBER: HB 1839

NOTE PREPARED: Feb 18, 2005

BILL AMENDED: Feb 17, 2005

SUBJECT: Teacher Recruitment and Retention.

FIRST AUTHOR: Rep. Porter

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes a teacher recruitment and retention fund, administered by the professional standards board, to: (1) attract qualified teachers to geographic areas of Indiana where a critical shortage of teachers exists; and (2) retain qualified teachers in teacher shortage areas; by providing student loan repayment assistance. It provides that as a condition of participating in the program and receiving student loan repayments, a teacher must agree to employment as a licensed teacher in a school district located in a teacher shortage area for at least five years.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) This bill creates a Teacher Recruitment and Retention Fund to provide financial assistance to teachers who work in a critical shortage area after they graduate from school. The fiscal impact depends on the number of teachers that would apply for the repayment assistance, teach in a geographical area where a critical shortage of teachers exists, and the appropriations to the fund. There are approximately 25,036 teachers with more than 1 and up to 10 years of experience.

To qualify for loan repayment assistance for student loans a teacher must;

1. hold a license to teach under IC 20-6.103;
2. complete at least 1 year of teaching service in a geographical area of Indiana where a critical shortage of teachers exists, as determined by the Professional Standards Board;
3. agree in writing to the employment requirements; and
4. meet additional requirements that the Professional Standards Board may establish.

According to the Smart Student Guide to Financial Aid, graduates from a four-year college potentially owed an average of \$16,888 in federal loans. The maximum amount of the repayment assistance per year is the lesser of \$3,000 or 50% of the total principal and interest on the guaranteed student loan owed by the teacher. If 10% of the 25,036 teachers with more than one and up to ten years of experience apply for the maximum assistance, then applications for assistance could potentially total \$7.5 M annually. The teacher can receive the assistance for 5 years.

Teacher Recruitment and Retention Fund consists gifts, grants, devises, or bequests received by the state. The amount of assistance available would be limited to the balance in the fund. The fund is to be administered by the Professional Standards Board, and expenses to administer the fund must be paid from the fund.

Since the fund consist of gifts, grants, devises, or bequests to the state, and the expenses to administer the fund are to be reimbursed by the fund, there would be no effective state impact.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Standards Board.

Local Agencies Affected:

Information Sources: Nick Vesper of the State Student Assistance Commission; Smart Student Guide to Financial Aid, <http://www.finaid.org/loans>; Department of Education databases.

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